



## **DEPARTMENT OF THE TREASURY**

### **31 CFR Part 29**

#### **RIN 1505-AC02**

#### **Federal Benefit Payments under Certain District of Columbia Retirement Plans**

**AGENCY:** Departmental Offices, Treasury

**ACTION:** Final rule

**SUMMARY:** The Department of the Treasury, Departmental Offices, is issuing final regulations to implement the provisions of Title XI of the Balanced Budget Act of 1997, as amended (the Act) related to the split between Federal and District obligations.

Pursuant to the Act, with certain exceptions, Treasury has responsibility for payment of benefits based on service accrued as of June 30, 1997, under the retirement plans for District of Columbia teachers, police officers, and firefighters. Benefits for service after that date, and certain other benefits, are funded by the District of Columbia. These regulations amend earlier regulations which implement the provisions of the Act, establishing the methodology for determining the split between the Federal and District obligations. The effective date was delayed pending completion of Treasury's new automated retirement system, "System to Administer Retirement" (STAR), which replaced the District's legacy automated retirement system. While the new system has been completed, the amended regulations establish additional rules and provide additional examples of benefit calculation scenarios, a need identified during systems development. The amendments have minimal financial impact and were introduced to simplify calculations and maintain consistency with the general principles established in the original regulations.

**DATES:** This final rule is effective [INSERT DATE OF 30 DAYS AFTER

PUBLICATION].

**FOR FURTHER INFORMATION CONTACT:** Paul Cicchetti, (202) 622-1859, Department of the Treasury, Office of D.C. Pensions, Metropolitan Square Building, Room 6G503, 1500 Pennsylvania Avenue, NW, Washington, DC 20220.

**SUPPLEMENTARY INFORMATION:**

Background

On December 12, 2000, the Department of the Treasury (the Department or Treasury) published (at 65 FR 77500) regulations to implement Title XI of the Balanced Budget Act of 1997, Public Law 105-33, 111 Stat. 251, 712-731, 756-759, as amended by the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999, Public Law 105-277, 112 Stat. 2681, 2681-530 through 538, 2681-552, and the District of Columbia Retirement Protection Improvement Act of 2004, Public Law 108-489 (the Act). The Act transferred certain unfunded pension liabilities from the District of Columbia (the District) government to the Federal Government. Pursuant to the Act, with certain exceptions, Treasury is responsible for payment of benefits based on service accrued as of June 30, 1997, the date defined in the Act as the “freeze date”. Under the Act, the Department calculates its obligations based on the terms of the retirement plans for District of Columbia teachers, police officers, and firefighters in effect as of June 29, 1997, referred to as the “District Retirement Program.” Benefits for service after June 30, 1997, and other benefits, e.g., certain disability benefits, remain a District responsibility. These regulations addressed the Department’s responsibility for retirement benefits in those situations where the benefit responsibility is shared between Treasury and the District. All benefit payments that are the responsibility of the Department under the Act are referred to as Federal Benefit

Payments. Any remaining benefit payments to which an individual is entitled under the District's retirement plans are the responsibility of the District and are referred to as "District benefit payments." Annuities which consist of Federal Benefit Payments and District benefit payments are referred to as "split benefits."

The Act also established the District of Columbia Judicial Retirement and Survivors Annuity Fund, administered by Treasury's Office of D.C. Pensions (ODCP). Because the D.C. judges' benefits are now entirely a federal responsibility, the proposed split benefit regulations, discussed below, do not apply to the judges' benefit calculations.

Subpart C of the regulations (originally published at 65 FR 77500, 77503), contains the methodology for determining Federal Benefit Payments in situations where a teacher, police officer, or firefighter has service with the District of Columbia both before and after June 30, 1997, i.e., split benefits. On March 29, 2001, 66 FR 17222, the Department announced that it was "postponing indefinitely" the effective date of subpart C of the regulations because "Treasury decided to acquire an upgraded version of the replacement system software. This decision, coupled with the need to accommodate integration of the replacement system with systems implementation schedules of the government of the District of Columbia, protracted the implementation schedule for Treasury's replacement system." 66 FR 17222.

Treasury's ODCP, the District's Office of Payroll Services (OPRS), and the District of Columbia Retirement Board (DCRB) collaborated on the development of the replacement system, known as "System to Administer Retirement" (STAR). STAR is an automated pension/payroll system which supports the end-to-end business processes for retirement. STAR, which replaced the District's legacy system, calculates retirement and

survivor benefits for the District's teachers, police officers and firefighters, regardless of whether their service accrued before or after the “freeze date” for Federal Benefit Payments.

From the earliest stages of this effort, Treasury worked with the District to arrive at key decisions for STAR development. Pursuant to Section 11041 of the Act, the District continues as the benefits administrator during the interim administration period, which is ongoing. Originally, OPRS performed the benefits administration function. DCRB assumed responsibility for benefits administration for both District benefit payments and Federal Benefit Payments on September 26, 2005. As benefits administrator, OPRS, and now DCRB, participated with Treasury to: develop a proposed system that met the programs' needs; develop the approach for addressing and resolving issues; make decisions about development; test the system being developed; review the status of projects; evaluate readiness and approve plans for implementation.

As Treasury explained in the preamble to the original proposed regulations in 1999, 64 FR at 69435, unless an exception applies under the Act, the general rule for the calculation of Federal Benefit Payments states that in all cases “in which some service becomes creditable on or before June 30, 1997 and some service becomes creditable after June 30, 1997, Federal Benefit Payments are computed under the rules of the applicable plan as though: (1) the employee were eligible to retire as of June 30, 1997, under the same conditions as the actual retirement (that is, using the annuity computation formula that applies under the plan in effect on June 29, 1997, and the retirement age, including any applicable age reduction, based on the age at actual retirement; (2) the service that became creditable after June 30, 1997 did not exist; and (3) the average salary is the

average salary at separation.” The original proposed regulations were largely derived from this general rule.

In the course of developing the STAR system, the development team and the subject matter experts from ODCP and the DCRB determined that additional rules for benefit calculation scenarios were needed to simplify development and to address situations that had not been considered when the original regulations were published in 2000. STAR was programmed with these additional rules.

On November 22, 2010, the Department of the Treasury published (75 FR 71047) proposed regulations that would amend subpart C of the rules promulgated in 2000. The amendments to subpart C were proposed to establish additional rules and provide additional examples of benefit calculation scenarios. These amendments have no significant financial impact and are introduced to simplify calculations and maintain consistency with the general principles established in the original regulations. For the convenience of readers, Treasury is restating subpart C in its entirety. For discussion of subpart C as originally proposed, see 64 FR 69432, 69434-36, December 13, 1999 and the preamble addressing the comments to the final regulations at 65 FR 77500-77501, December 12, 2000. For a discussion of the November 22, 2010, proposed rule, see 75 FR 71047.

#### This Final Rule; Public Comments and Explanation of Provisions

The initial comment period closed on January 21, 2011. In response to a request to extend the comment period, on February 3, 2011, the Department published in the Federal Register a notice of extension of the comment period until April 21, 2011 (see 76

FR 6112). The Department received comments from the District of Columbia Retirement Board and the D.C. Fire Fighters Association on the proposed regulations. In response, the Department has adopted the proposed rule with some modifications as suggested by the commenters.

Proposed § 29.332 provides the rule for determining when unused sick leave is creditable for the computation of Federal Benefit Payments. Comments objected to § 29.332(b), which provides that for employees separated for retirement after June 30, 1997, no unused sick leave is creditable towards Federal Benefit Payments. One comment argued that the Department's rule regarding unused sick leave ignores its chosen accrual methodology based on the freeze date and the District is forced to bear a financial burden accrued prior to the freeze date, since the allocation of unused sick leave fails to account for accrued service ratios. The suggestion was that allocating unused sick leave based on each annuitant's service ratio was necessary to comply with the intent of the Act. Another comment suggested that an actuarial assumption be used to determine the amount of sick leave accrued prior to June 30, 1997, with the implication being this amount would be creditable towards a Federal Benefit Payment.

The Department's response is that the suggested changes are inconsistent with the general principle in the Act and in 31 CFR 29.331. Section 29.331 provides that all requirements must be satisfied as of June 30, 1997, for service to be creditable towards a Federal Benefit Payment. In turn, the general principle is consistent with section 11012(b) of the Act which states that "(s)ervice after the freeze date shall not be credited for purposes of determining the amount of any Federal benefit payment." Unused sick leave becomes creditable for retirement only when the employee separates for retirement.

Sick leave accrued before retirement is not a retirement benefit, but a benefit to the plan member as an employee. Therefore, for employees who separate after June 30, 1997, unused sick leave becomes creditable after the freeze date and is not creditable towards a Federal Benefit Payment.

Proposed §§ 29.334 and 29.335 provide the rules for determining when purchased service is creditable for the computation of Federal Benefit Payments. One comment objected to the rules that purchases of service must be completed by June 30, 1997, to be creditable towards Federal Benefit Payments. The comment argued that by focusing on the date of the purchase of service transaction, the rules allocate 100% of the benefit cost to the District government regardless of sound accrual or equitable concepts, and ignore the Department's accrual methodology based on the freeze date. Another comment argued that regardless of when payment is made to purchase service, after being hired, employees have an expectation that the prior service will be credited. The suggested change is, in the case where a purchase of service is completed after June 30, 1997, to allocate a portion of the benefit cost of this service to the Department of the Treasury, based on each annuitant's service ratio.

As above, the Department's response is that the suggested change is inconsistent with the general principle in 31 CFR 29.331 and with section 11012(b) of the Act. The Department's interpretation of section 11012(b) of the Act is that service credited after the freeze date shall not be credited for purposes of determining a Federal benefit payment.

The comment also noted that Treasury is liable for refunds of service deposits made on or before the freeze date, regardless of when the underlying purchase was completed,

implying an inconsistency with the proposed regulations. In response to the comment and to make the regulations more clear, the Department has modified the rules in §§ 29.334(c) and 29.335(c) to require a transfer to the District of all installment purchase of service payments received by the Department where the purchase was not completed by the freeze date.

Proposed § 29.343 provides the rule for determining the Federal Benefit Payment when an individual retires on disability. One comment argued that given that the disability plan provisions were legislated by Congress, it is unfair to pass on the liability of all post-freeze date disability retirements to the District.

The Department's response is that this section follows directly from section 11012(c) of the Act, which states that "(t)o the extent that any portion of a benefit payment to which an individual is entitled under a District Retirement Program is based on a determination of disability made by the District Government or the Trustee after the freeze date, the Federal benefit payment determined with respect to the individual shall be an amount equal to the deferred retirement benefit or normal retirement benefit the individual would receive if the individual left service on the day before the commencement of disability retirement benefits."

Example 3 in Appendix A refers to a maximum annuity of "80 percent of basic salary." One comment noted that the reference should be to "80 percent of average salary." The Department agrees and the correction has been made to examples 3A and 3B.

In addition to the suggestions, the Department received one general comment that Treasury's discretion to interpret the Act presents an inherent conflict of interest when



Treasury has a financial stake in the determination of Federal Benefit Payments and another general comment that the proposed regulations must equitably allocate costs between the Federal and District governments and be consistent with the intent and terms of the Act.

The Department responds that, as required, the General Principles and associated regulations established in the proposed rule are consistent with the intent and terms of the Act, specifically, section 11002(b), that it is the policy of the Act “for the Federal government to assume the legal responsibility for paying certain pension benefits (including certain unfunded pension liabilities which existed as of the day prior to introduction of this legislation) for the retirement plans of teachers, police, and firefighters.”

#### **Executive Order 12866, Regulatory Planning and Review**

Because this rule is not a significant regulatory action for purposes of Executive Order 12866, a regulatory assessment is not required.

#### **Regulatory Flexibility Act**

It is hereby certified that this regulation will not have a significant economic impact on a substantial number of small entities. The regulation will only affect the determination of the Federal portion of retirement benefits to certain former employees of the District of Columbia and will not have an effect on small entities. Accordingly, a regulatory flexibility analysis is not required by the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*).

### **List of Subjects in 31 CFR Part 29**

Administrative practice and procedure, claims, Disability benefits, Firefighters, Government employees, Intergovernmental relations, Law enforcement officers, Pension, Retirement, Teachers.

Accordingly, the Department of the Treasury amends subtitle A of 31 CFR part 29 as follows:

### **PART 29--FEDERAL BENEFIT PAYMENTS UNDER CERTAIN DISTRICT OF COLUMBIA RETIREMENT PROGRAMS**

1. The authority citation for 31 CFR part 29 is revised to read as follows:

Authority: Subtitle A and Chapter 3 of Subtitle H, of Pub. L. 105–33, 111 Stat. 712–731 and 786–787; as amended.

2. Subpart C is revised to read as follows:

#### **Subpart C--Split Benefits**

Sec.

29.301 Purpose and scope.

29.302 Definitions.

#### **General Principles for Determining Service Credit to Calculate Federal Benefit Payments**

29.311 Credit only for service performed on or before June 30, 1997.

29.312 All requirements for credit must be satisfied by June 30, 1997.

29.313 Federal Benefit Payments are computed based on retirement eligibility as of the separation date and service creditable as of June 30, 1997.

#### **Service Performed after June 30, 1997**

- 29.321 General principle.
- 29.322 Disability benefits.

**All Requirements for Credit must be Satisfied by June 30, 1997**

- 29.331 General principle.
- 29.332 Unused sick leave.
- 29.333 Military service.
- 29.334 Deposit service.
- 29.335 Refunded service.

**Calculation of the Amount of Federal Benefit Payments**

- 29.341 General principle.
- 29.342 Computed annuity exceeds the statutory maximum.
- 29.343 Disability benefits.
- 29.344 Survivor benefits.
- 29.345 Cost-of-living adjustments.
- 29.346 Reduction for survivor benefits.

**Calculation of the Split of Refunds of Employee Contributions and Deposits**

- 29.351 General principle.
- 29.352 Refunded contributions
- 29.353 Refunded deposits

Appendix A to Subpart C of Part 29--Examples

**Subpart C--Split Benefits**

**§ 29.301 Purpose and scope.**

(a) The purpose of this subpart is to addresses the legal and policy issues that affect the calculation of the Federal and District of Columbia portions of benefits under subtitle A of Title XI of the Balanced Budget Act of 1997, Public Law 105-33, 111 Stat. 251, 712-731, and 786-787 enacted August 5, 1997, as amended.

(1) This subpart states general principles for the calculation of Federal Benefit Payments in cases in which the Department and the District government are both responsible for paying a portion of an employee's total retirement benefits under the Police and Firefighters Plan or the Teachers Plan.

(2) This subpart provides illustrative examples of sample computations to show the application of the general principles to specific problems.

(b)(1) This subpart applies only to benefits under the Police and Firefighters Plan or the Teachers Plan for individuals who have performed service creditable under these programs on or before June 30, 1997.

(2) This subpart addresses only those issues that affect the split of fiscal responsibility for retirement benefits (that is, the calculation of Federal Benefit Payments).

(3) Issues relating to determination and review of eligibility and payments, and financial management, are beyond the scope of this subpart.

(c) This subpart does not apply to benefit calculations under the Judges Plan.

### **§ 29.302 Definitions.**

In this subpart (including appendix A of this subpart)-

*Deferred retirement* means retirement under section 4-623 of the D.C. Code (1997) (under the Police and Firefighters Plan) or section 31-1231(a) of the D.C. Code (1997) (under the Teachers Plan).

*Deferred retirement age* means the age at which a deferred annuity begins to accrue, that is, age 55 under the Police and Firefighters Plan and age 62 under the Teachers Plan.

*Department service or departmental service* means any period of employment in a position covered by the Police and Firefighters Plan or Teachers Plan. Department service or departmental service may include certain periods of military service that interrupt a period of employment under the Police and Firefighters Plan or the Teachers Plan.

*Disability retirement* means retirement under section 4-615 or section 4-616 of the D.C. Code (1997) (under the Police and Firefighters Plan) or section 31-1225 of the D.C. Code (1997) (under the Teachers Plan), regardless of whether the disability was incurred in the line of duty.

*Enter on duty* means commencement of employment in a position covered by the Police and Firefighters Plan or the Teachers Plan.

*Excess leave without pay or excess LWOP* means a period of time in a non-pay status that in any year is greater than the amount creditable as service under § 29.105(d).

*Hire date* means the date the employee entered on duty.

*Military service* means-

(1) For the Police and Firefighters Plan, military service as defined in section 4-607 of the D.C. Code (1997) that is creditable as other service under section 4-602 or section 4-610 of the D.C. Code (1997); and

(2) For the Teachers Plan, military service as described in section 31-1230(a)(4) of the D.C. Code (1997).

*Optional retirement* means regular longevity retirement under section 4-618 of the D.C. Code (1997) (under the Police and Firefighters Plan) or section 31-1224(a) of the D.C. Code (1997) (under the Teachers Plan).

*Other service* means any period of creditable service other than departmental service or unused sick leave. Other service includes service that becomes creditable upon payment of a deposit, such as service in another school system (under section 31-1208 of the D.C. Code (1997)) (under the Teachers Plan) or prior governmental service (under the Teachers Plan and the Police and Firefighters Plan); and service that is creditable without payment of a deposit, such as military service occurring prior to employment (under the Teachers Plan and the Police and Firefighters Plan).

*Pre-80 hire* means an individual whose annuity is computed using the formula under the Police and Firefighters Plan applicable to individuals hired before February 15, 1980.

*Pre-96 hire* means an individual whose annuity is computed using the formula under the Teachers Plan applicable to individuals hired before November 1, 1996.

*Sick leave* means unused sick leave, which is creditable in a retirement computation, as calculated under § 29.105(c).

## **General Principles for Determining Service Credit to Calculate Federal Benefit Payments**

### **§ 29.311 Credit only for service performed on or before June 30, 1997.**

Only service performed on or before June 30, 1997, is credited toward Federal Benefit Payments.

### **§ 29.312 All requirements for credit must be satisfied by June 30, 1997.**

Service is counted toward Federal Benefit Payments only if all requirements for the service to be creditable are satisfied as of June 30, 1997.

**§ 29.313 Federal Benefit Payments are computed based on retirement eligibility as of the separation date and service creditable as of June 30, 1997.**

Except as otherwise provided in this subpart, the amount of Federal Benefit Payments is computed based on retirement eligibility as of the separation date and service creditable as of June 30, 1997.

**Service Performed After June 30, 1997**

**§ 29.321 General principle.**

Any service performed after June 30, 1997, may never be credited toward Federal Benefit Payments.

**§ 29.322 Disability benefits.**

If an employee separates for disability retirement after June 30, 1997, and, on the date of separation, the employee-

(a) Satisfies the age and service requirements for optional retirement, the Federal Benefit Payment commences immediately, that is, the Federal Benefit Payment is calculated as though the employee retired under optional retirement rules using only service through June 30, 1997 (See examples 7A and 7B of appendix A of this subpart);  
or

(b) Does not satisfy the age and service requirements for optional retirement, the Federal Benefit Payment begins when the disability retiree reaches deferred retirement age. (See § 29.343.)

**All Requirements for Credit Must Be Satisfied by June 30, 1997**

**§ 29.331 General principle.**

To determine whether service is creditable for the computation of Federal Benefit Payments under this subpart, the controlling factor is whether all requirements for the service to be creditable under the Police and Firefighters Plan or the Teachers Plan were satisfied as of June 30, 1997.

**§ 29.332 Unused sick leave.**

(a) For employees separated for retirement as of June 30, 1997, Federal Benefit Payments include credit for any unused sick leave that is creditable under the applicable plan.

(b) For employees separated for retirement after June 30, 1997, no unused sick leave is creditable toward Federal Benefit Payments.

**§ 29.333 Military service.**



(a) For employees who entered on duty on or before June 30, 1997, and whose military service was performed prior to that date, credit for military service is included in Federal Benefit Payments under the terms and conditions applicable to each plan.

(b) For employees who enter on duty after June 30, 1997, military service is not creditable toward Federal Benefit Payments, even if performed as of June 30, 1997.

(c) For employees who entered on duty on or before June 30, 1997, but who perform military service after that date, the credit for military service is not included in Federal Benefit Payments.

**§ 29.334 Deposit service.**

(a) *Teachers Plan.* (1) Periods of civilian service that were not subject to retirement deductions at the time they were performed are creditable for Federal Benefit Payments under the Teachers Plan if the deposit for the service was paid in full to the Teachers Plan as of June 30, 1997.

(2) No credit is allowed for Federal Benefit Payments under the Teachers Plan for any period of civilian service that was not subject to retirement deductions at the time it was performed if the deposit for the service was not paid in full as of June 30, 1997.

(3) If the deposit for the service was paid in installments, but was not paid in full as of June 30, 1997, Treasury shall transfer to the District an amount equal to the portion of the deposit completed prior to June 30, 1997.

(b) *Police and Firefighters Plan.* No credit is allowed for Federal Benefit Payments under the Police and Firefighters Plan for any period of civilian service that was not

subject to retirement deductions at the time that the service was performed. (See definition of "governmental service" at D.C. Code section 4-607(15) (1997).)

**§ 29.335 Refunded service.**

(a) Periods of civilian service that were subject to retirement deductions but for which the deductions were refunded to the employee are creditable for Federal Benefit Payments if the redeposit for the service was paid in full to the District government as of June 30, 1997.

(b) No credit is allowed for Federal Benefit Payments for any period of civilian service that was subject to retirement deductions but for which the deductions were refunded to the employee if the redeposit for the service was not paid in full to the District government as of June 30, 1997.

(c) If the redeposit for the service was paid in installments, but was not paid in full as of June 30, 1997, Treasury shall transfer to the District an amount equal to the portion of the redeposit completed prior to June 30, 1997.

**Calculation of the Amount of Federal Benefit Payments**

**§ 29.341 General principle.**

(a) Where service is creditable both before and after June 30, 1997, Federal Benefit Payments are computed under the rules of the applicable plan as though-

(1) The employee were eligible to retire effective July 1, 1997, under the same conditions as the actual retirement (that is, using the annuity computation formula that

applies under the plan in effect on June 29, 1997, and the retirement age, including any applicable age reduction, based on the age at actual retirement);

(2) The service that became creditable after June 30, 1997, did not exist; and

(3) The average salary is the average salary at separation.

(b) Exceptions to the general principle apply where:

(1) Congress amends the terms of the District Retirement Program in effect on June 29, 1997. For example, see section 11012(e) & (f) of the Balanced Budget Act of 1997, as amended by Public Laws 106-554, 107-290, and 108-133 (codified at D.C. Code section 1-803.02(e) and (f));

(2) The retirement is based on disability after June 30, 1997 (see 29.343); or

(3) The benefit is based on the death of an employee after June 30, 1997 and the survivor benefit is not based on years of service (see 29.344).

Note to § 29.341: See examples 7B, 9, and 13 of appendix A of this subpart.

#### **§ 29.342 Computed annuity exceeds the statutory maximum.**

(a) In cases in which the total computed annuity exceeds the statutory maximum:

(1) Federal Benefit Payments may equal total benefits even if the employee had service after June 30, 1997.

(2) If the employee had sufficient service as of June 30, 1997, to qualify for the maximum annuity under the plan, the Federal Benefit Payment is the maximum annuity under the plan. This will be the entire benefit except for any amount in excess of the normal maximum due to unused sick leave, which is the responsibility of the District. (See example 3, of appendix A of this subpart.)

(b) If the employee did not perform sufficient service as of June 30, 1997, to reach the statutory maximum benefit, but has sufficient service at actual retirement to exceed the statutory maximum, the Federal Benefit Payment is the amount earned through June 30, 1997. The District benefit payment is the amount by which the total benefit payable exceeds the Federal Benefit Payment.

**§ 29.343 Disability benefits.**

(a) The general rule that Federal Benefit Payments are calculated under the applicable retirement plan as though the employee were eligible for optional retirement and separated on June 30, 1997, does not apply to disability benefits prior to optional retirement age.

(b) In cases involving disability benefits prior to optional retirement age, no Federal Benefit Payment is payable until the retiree reaches the age of eligibility to receive a deferred annuity (age 55 under the Police and Firefighters Plan and age 62 under the Teachers Plan). When the age for deferred annuity is reached, the Federal Benefit Payment is paid using creditable service accrued as of June 30, 1997, and average salary (computed under the rules for the applicable plan) as of the date of separation. (See examples 6 and 7 of appendix A of this subpart.)

(c) In no case will the amount of the Federal Benefit Payment exceed the amount of the total disability annuity.

**§ 29.344 Survivor benefits.**

(a) The general rule that Federal Benefit Payments are calculated under the applicable retirement plan as though the employee were eligible for optional retirement

and separated on June 30, 1997, applies to death benefits that are determined by length of service. In these cases, the survivor's Federal Benefit Payment is calculated by multiplying the survivor's total benefit by the ratio of the deceased retiree or employee's Federal Benefit Payment to the deceased retiree or employee's total annuity. (See examples 13A and B of appendix A of this subpart.)

(b) The general rule that Federal Benefit Payments are calculated under the applicable retirement plan as though the employee were eligible for optional retirement and separated on June 30, 1997, does not apply to death benefits that are not determined by length of service. In these cases, the survivor's Federal Benefit Payment is calculated by multiplying the survivor's total benefit by the deceased retiree or employee's number of full months of service through June 30, 1997, and then dividing by the retiree or employee's number of months of total service at retirement. (See examples 13C-F of appendix A of this subpart.)

(c) In cases involving a disability or early voluntary retiree who dies before reaching the age at which a Federal Benefit Payment is payable, the survivor's Federal Benefit Payment is calculated as though the employee had not retired from service, but had separated from service with eligibility to receive a deferred annuity. (See examples 13G and 13H of appendix A of this subpart.)

#### **§ 29.345 Annuity adjustments.**

(a) In cases in which the total annuity and the Federal Benefit Payment are equally impacted by a cost-of-living adjustment, the new Federal Benefit Payment is determined by applying the federal percentage of the total annuity to the new total annuity. (See

examples 14A-G of appendix A of this subpart.)

(b) In cases in which the total annuity and the Federal Benefit Payment are not equally impacted by a change, such as a new plan provision or service-based adjustment, the Federal Benefit Payment is recalculated where applicable, and the federal percentage of the total annuity used to determine subsequent Federal Benefit Payments is recalculated. (See example 14H of appendix A of this subpart.)

#### **§ 29.346 Reduction for survivor benefits.**

If a retiree elects a reduction for a survivor annuity, the ratio of the unreduced Federal Benefit Payment to the unreduced total annuity is multiplied by the reduced total annuity to determine the reduced Federal Benefit Payment. (See example 10 of appendix A of this subpart.)

### **Calculation of the Split of Refunds of Employee Contributions and Deposits**

#### **§ 29.351 General principle.**

Treasury will fund refunds of employee contributions and purchase of service deposits paid by or on behalf of a covered employee to the District of Columbia Police Officers' and Firefighters' Retirement Fund or District of Columbia Teachers' Retirement Fund on or before June 30, 1997.

#### **§ 29.352 Refunded contributions.**

For any given pay period, employee contributions are considered to have been made before the freeze date if the pay date was on or before June 30, 1997. As a result, for

calendar year 1997, Treasury will fund refunds of employee contributions made by teachers through pay period 12 and fund refunds of employee contributions made by police officers and firefighters through pay period 13. If pay period records are unavailable for calendar year 1997, and the participant separated on or before June 30, 1997, Treasury will fund 100 percent of the refund of retirement contributions. If pay period records are unavailable for calendar year 1997, and the participant was hired before January 1, 1997, and separated after December 31, 1997, Treasury will fund 50 percent of the refund of retirement contributions made to teachers in calendar year 1997, and 48 percent of the retirement contributions made to police officers or firefighters in calendar year 1997. Otherwise, if the participant separated after June 30, 1997, the percent of contributions made in calendar year 1997 funded by Treasury is assumed to be the ratio where the numerator is the number of days before July 1 the participant was employed in calendar year 1997 and the denominator is the number of days the participant was employed in calendar year 1997.

#### **§ 29.353 Refunded deposits.**

Treasury will fund refunds of purchase of service deposits made by employees by lump sum payment or by installment payments on or before June 30, 1997.

### **Appendix A to Subpart C of Part 29--Examples**

This appendix contains sample calculations of Federal Benefit Payments in a variety of situations.

#### **Optional Retirement Examples**

##### **Example 1: No Unused Sick Leave**

A. In this example, an individual covered by the Police and Firefighters Plan hired before 1980 retires in October 1997. At retirement, he is age 51 with 20 years and 3 days of departmental service plus 3 years, 4 months, and 21 days of military service that preceded the departmental service. The Federal Benefit Payment begins at retirement. It is based on the 19 years, 8 months, and 22 days of departmental service and 3 years, 4 months, and 21 days of military service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 23 years and 1 month of service, all at the 2.5 percent accrual rate. The total annuity is based on 23 years and 4 months of service, all at the 2.5 percent accrual rate.

### Example 1A.--Police Optional [Pre-80 hire]

---

#### Total Annuity Computation

---

Birth date: 09/10/46  
 Hire date: 10/09/77  
 Separation date: 10/11/97  
 Department service: 20/00/03  
 Other service: 03/04/21  
 Sick leave:  
 .025 service: 23.333333  
 .03 service:  
 Average salary: \$ 45,680.80  
 Total: \$ 26,647.12  
 Total/month: \$ 2,221.00

---

#### Federal Benefit Payment Computation

---

Birth date: 9/10/46  
 Hire date: 10/09/77  
 Freeze date: 06/30/97  
 Department service: 19/08/22  
 Other service: 03/04/21  
 Sick leave:  
 .025 service: 23.083333  
 .03 service:  
 Average salary: \$ 45,680.80  
 Total: \$ 26,361.61  
 Total/month: \$ 2,197.00  
 Total federal/month ÷  
 total/month: 0.989194

---

B. In this example, the individual covered by the Police and Firefighters Plan was hired earlier than in example 1A and thus performed more service as of both June 30, 1997, and retirement in October 1997. At retirement, he is age 51 with 21 years, 11 months and 29 days of departmental service plus 3 years, 4 months, and 21 days of military service that preceded the departmental service. The Federal Benefit Payment begins at retirement. It is based on the 21



years, 8 months, and 18 days of departmental service and 3 years, 4 months, and 21 days of military service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 25 years and 1 month of service, 1 year and 8 months at the 3.0 percent accrual rate and 23 years and 5 months at the 2.5 percent accrual rate (including 1 month consisting of 18 days of departmental service and 21 days of other service). The total annuity is based on 25 years and 4 months of service, 1 year and 11 months at the 3.0 percent accrual rate and 23 years and 5 months at the 2.5 percent accrual rate (including 1 month consisting of 29 days of departmental service and 21 days of other service).

### Example 1B.--Police Optional [Pre-80 hire]

---

#### Total Annuity Computation

---

Birth date: 09/10/46  
 Hire date: 10/13/75  
 Separation date: 10/11/97  
 Department service: 21/11/29  
 Other service: 03/04/21  
 Sick leave:  
 .025 service: 23.416667  
 .03 service: 1.916667  
 Average salary: \$ 45,680.80  
 Total: \$ 29,368.96  
 Total/month \$ 2,447.00

---

#### Federal Benefit Payment Computation

---

Birth date: 09/10/46  
 Hire date: 10/13/75  
 Freeze date: 06/30/97  
 Department service: 21/08/18  
 Other service: 03/04/21  
 Sick leave:  
 .025 service: 23.416667  
 .03 service: 1.666667  
 Average salary: \$ 45,680.80  
 Total: \$ 29,026.36  
 Total/month: \$ 2,419.00  
 Total federal/month ÷  
 total/month: 0.988557

---

### Example 2: Unused Sick Leave Credit

In this example, an individual covered by the Police and Firefighters Plan and hired before 1980 retires in March 1998. At retirement, she is age 48 with 24 years, 8 months, and 6 days of

departmental service plus 6 months and 4 days of other service (deposit paid before June 30, 1997) and 11 months and 11 days of unused sick leave. For a police officer (or a non-firefighting division firefighter) such an amount of sick leave would be 1968 hours (246 days, based on a 260-day year, times 8 hours per day). For a firefighting division firefighter, such an amount would be 2069 hours (341 days divided by 360 days per year times 2184 hours per year). The Federal Benefit Payment begins at retirement. It is based on the 23 years, 11 months, and 23 days of departmental service performed as of June 30, 1997, and 6 months and 4 days of other service. Thus, the Federal Benefit Payment is based on 20 years departmental and 6 months of other service at the 2.5 percent accrual rate and 3 years and 11 months of service at the 3.0 percent accrual rate. The total annuity is based on 20 years and 6 months of service at the 2.5 percent accrual rate and 5 years and 7 months of service at the 3 percent accrual rate.

### Example 2.--Police Optional [Pre-80 hire]

---

#### Total Annuity Computation

---

Birth date: 05/01/49  
 Hire date: 07/08/73  
 Separation date: 03/13/98  
 Department service: 24/08/06  
 Other service: 00/06/04  
 Sick leave: 00/11/11  
 .025 service: 20.5  
 .03 service: 5.583333  
 Average salary: \$ 61,264.24  
 Total: \$ 41,659.68  
 Total/month: \$ 3,472.00

---

#### Federal Benefit Payment Computation

---

Birth date: 05/01/49  
 Hire date: 07/08/73  
 Freeze date: 06/30/97  
 Department service: 23/11/23  
 Other service: 00/06/04  
 Sick leave:  
 .025 service: 20.5  
 .03 service: 3.916667  
 Average salary: \$ 61,264.24  
 Total: \$ 38,596.47  
 Total/month: \$ 3,216.00  
 Total federal/month ÷  
 total/month: 0.926267

---

### Example 3: Calculated Benefit Exceeds Statutory Maximum

A. In this example, an individual covered by the Police and Firefighters Plan hired before 1980 retires in March 1998. At retirement, he is age 55 with 32 years and 17 days of departmental service. The Federal Benefit Payment begins at retirement. It is based on the 31 years, 3 months, and 17 days of departmental service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 20 years of service at the 2.5 percent accrual rate and 11 years and 3 months of service at the 3.0 percent accrual rate. However, the annuity is limited to 80 percent of the average salary at time of retirement. (This limitation does not apply to the unused sick leave credit.) The annuity computed as of June 30, 1997, equals the full benefit payable; therefore, the Federal Benefit Payment is the total benefit.

### Example 3A.--Police Optional [Pre-80 hire]

---

#### Total Annuity Computation

---

Birth date: 06/12/42  
 Hire date: 03/14/66  
 Separation date: 03/30/98  
 Department service: 32/00/17  
 Other service:  
 Sick leave:  
 .025 service: 20  
 .03 service: 12  
 Average salary: \$ 75,328.30  
 Total: \$ 64,782.34  
 Total/month: \$ 5,399.00  
 Maximum: \$ 60,262.64  
 Maximum/month: \$ 5,022.00

---

#### Federal Benefit Payment Computation

---

Birth date: 06/12/42  
 Hire date: 03/14/66  
 Freeze date: 03/30/97  
 Department service: 31/03/17  
 Other service:  
 Sick leave:  
 .025 service: 20  
 .03 service: 11.25  
 Average salary: \$ 75,328.30  
 Total: \$ 63,087.45  
 Total/month: \$ 5,257.00  
 Maximum: \$ 60,262.64  
 Maximum/month: \$ 5,022.00  
 Total federal/month ÷  
 total/month: 1.0

---

B. In this example, the individual in example 3A also has 6 months of unused sick leave at retirement. The sick leave credit is not subject to the 80% limitation and does not become

creditable service until the date of separation. For a police officer (or a non-firefighting division firefighter) such an amount of sick leave would be 1040 hours (130 days, based on a 260-day year, times 8 hours per day). For a firefighting division firefighter, such an amount would be 1092 hours (180 days divided by 360 days per year times 2184 hours per year). Six months of unused sick leave increases the annual total benefit by 1.5 percent of the average salary, or in the example by \$94 per month. The District is responsible for the portion of the annuity attributable to the unused sick leave because it became creditable at retirement, that is, after June 30, 1997.

### Example 3B.--Police Optional [Pre-80 hire]

---

#### Total Annuity Computation

---

Birth date: 06/12/42  
 Hire date: 03/14/66  
 Separation date: 03/30/98  
 Department service: 32/00/17  
 Other service:  
 Sick leave: 00/06/00  
 .025 service: 20  
 .03 service: 12  
 Average salary: \$ 75,328.30  
 Total wo/sl credit: \$ 64,782.34  
 Total/month: \$ 5,399.00  
 Max wo/sl credit: \$ 60,262.64  
 Max w/sl credit: \$ 61,392.57  
 Monthly benefit: \$ 5,116.00

---

#### Federal Benefit Payment Computation

---

Birth date: 06/12/42  
 Hire date: 03/14/66  
 Freeze date: 06/30/97  
 Department service: 31/03/17  
 Other service:  
 Sick leave: none  
 .025 service: 20  
 .03 service: 11.25  
 Average salary: \$ 75,328.30  
 Total: \$ 63,087.45  
 Total/month: \$ 5,257.00  
 Maximum: \$ 60,262.64  
 Monthly benefit: \$ 5,022.00  
 Total federal/month ÷  
 total/month: 0.981626

---

#### Example 4: Excess Leave Without Pay

In this example, an individual covered by the Teachers Plan hired before 1996 retires in February 1998. At retirement, she is age 64 with 27 years of departmental service and 6 years, 7

months, and 28 days of other service (creditable before June 30, 1997). However, only 6 months of leave in a fiscal year without pay may be credited toward retirement under the Teachers Plan. She had 3 months and 18 days of excess leave without pay as of June 30, 1997. Since the excess leave without pay occurred before June 30, 1997, the time attributable to the excess leave without pay is subtracted from the service used in both the Federal Benefit Payment and the total benefit computations. The Federal Benefit Payment begins at retirement. It is based on the 32 years and 8 months of service (32 years, 11 months, and 28 days minus 3 months and 18 days and the partial month dropped); 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 22 years and 8 months of service at the 2 percent accrual rate. The total annuity is based on 33 years and 4 months of service (33 years, 7 months and 28 days minus 3 months and 18 days and the partial month dropped) 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 23 years and 4 months of service at the 2 percent accrual rate.

Note: For the Teachers Plan, section 1230(a) of title 31 of the D.C. Code (1997) allows for 6 months leave without pay in any fiscal year. For the Police and Firefighters Plan, section 610(d) of title 4 of the D.C. Code (1997) allows for 6 months leave without pay in any calendar year.

#### Example 4.--Teachers Optional [Pre-96 hire]

---

##### Total Annuity Computation

---

Birth date: 11/04/33  
 Hire date: 03/01/71  
 Separation date: 02/28/98  
 Department service: 27/00/00  
 Other service: 06/07/28  
 Excess LWOP: 00/03/18  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 23.333333  
 Average salary: \$ 53,121.00  
 Total: \$ 33,421.98  
 Total/month: \$ 2,785.00

---

##### Federal Benefit Payment Computation

---

Birth date: 11/04/33  
 Hire date: 03/01/71  
 Freeze date: 06/30/97  
 Department service: 26/04/00  
 Other service: 06/07/28  
 Excess LWOP: 00/03/18  
 .015 service: 5

.0175 service: 5  
 .02 service: 22.666667  
 Average salary: \$ 53,121.00  
 Total: \$ 32,713.66  
 Total/month: \$ 2,726.00  
 Total federal/month ÷  
 total/month: 0.978815

---

### **Example 5: Service Credit Deposits**

A. An individual covered by the Teachers Plan hired before 1996 retires in October 1997. At retirement, he is age 61 with 30 years and 3 days of departmental service plus 3 years, 4 months, and 21 days of other service that preceded the departmental service for which the deposit was fully paid on or before June 30, 1997. The Federal Benefit Payment begins at retirement. It is based on the 29 years, 8 months, and 22 days of departmental service and 3 years, 4 months, and 21 days of service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 33 years and 1 month of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 23 years and 1 month of service at the 2 percent accrual rate. The total annuity is based on 33 years and 4 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 23 years and 4 months of service at the 2 percent accrual rate.

### **Example 5A.--Teachers Optional [Pre-96 hire]**

---

#### **Total Annuity Computation**

---

Birth date: 09/10/36  
 Hire date: 10/09/67  
 Separation date: 10/11/97  
 Department Service: 30/00/03  
 Other service: 03/04/21  
 Deposit paid before freeze date:  
 Other service credit allowed:  
 Sick leave:  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 23.333333  
 Average salary: \$ 45,680.80  
 Total: \$ 28,740.85  
 Total/month: \$ 2,395.00

---

#### **Federal Benefit Payment Computation**

---

Birth date: 09/10/36  
 Hire date: 10/09/67  
 Freeze date: 06/30/97

Department service: 29/08/22  
 Other service: 03/04/21  
 Deposit paid before freeze date:  
 Other service credit allowed:  
 Sick Leave:  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 23.08333; 13 days  
 dropped  
 Average salary: \$ 45,680.80  
 Total: \$ 28,512.45  
 Total/month: \$ 2,376.00  
 Total federal/month ÷  
 total/month: 0.992067

---

B. In this example, the employee in example 5A did not pay any of the deposit to obtain credit for the 3 years, 4 months, and 21 days of other service as of June 30, 1997. Thus, none of the other service is used in the computation of the Federal Benefit Payment. An individual covered by the Teachers Plan hired before 1996 retires in October 1997. At retirement, he is age 61 with 30 years and 3 days of departmental service plus 3 years, 4 months, and 21 days of other service that preceded the departmental service for which the deposit was paid in full in October 1997 (at retirement). The Federal Benefit Payment begins at retirement. It is based on only the 29 years, 8 months, and 22 days of departmental service performed as of June 30, 1997; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 19 years and 8 months of service at the 2 percent accrual rate. The total annuity is based on 33 years and 4 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 23 years and 4 months of service at the 2 percent accrual rate.

### Example 5B.--Teachers Optional [Pre-96 hire]

---

#### Total Annuity Computation

---

Birth date: 09/10/36  
 Hire date: 10/09/67  
 Separation date: 10/11/97  
 \$ 0.00  
 Department service: 30/00/03  
 Other service: 03/04/21  
 Total deposit paid after 6/30/97:  
 Sick leave:  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 23.333333  
 Average salary: \$ 45,680.80  
 Total: \$ 28,740.85  
 Total/month: \$ 2,395.00

---

#### Federal Benefit Payment Computation

---

---

Birth date: 09/10/36  
 Hire date: 10/09/67  
 Freeze date: 06/30/97  
 Department service: 29/08/22  
 Other service: none  
 Total deposit paid after 6/30/97:  
 Sick leave:  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 19.666667; 22 days  
 dropped  
 Average salary: \$ 45,680.80  
 Total: \$ 25,390.90  
 Total/month: \$ 2,116.00  
 Total federal/month ÷  
 total/month: 0.883507

---

C. In this example, the employee in examples 5A and B began installment payments on the deposit to obtain credit for the 3 years, 4 months, and 21 days of other service as of June 30, 1997, but did not complete the deposit until October 1997 (at retirement). The other service is not used in the computation of the Federal Benefit Payment because the payment was not completed as of June 30, 1997. Thus, the result is the same as in example 5B.

### Example 5C.--Teachers Optional [Pre-96 hire]

---

#### Total Annuity Computation

---

Birth date: 09/10/36  
 Hire date: 10/09/67  
 Separation date: 10/11/97  
 Department service: 30/00/03  
 Other service: 03/04/21  
 Partial deposit paid as of 6/30/97:  
 Deposit completed after 6/30/97:  
 Sick leave:  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 23.333333  
 Average salary: \$ 45,680.80  
 Total: \$ 28,740.85  
 Total/month: \$ 2,395.00

---

#### Federal Benefit Payment Computation

---

Birth date: 09/10/36  
 Hire date: 10/09/67  
 Freeze date: 06/30/97



Department service: 29/08/22  
 Other service: none  
 Partial deposit paid as of 6/30/97:  
 Deposit completed after 6/30/97:  
 Sick leave:  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 19.666667; 22 days dropped  
 Average salary: \$ 45,680.80  
 Total: \$ 25,390.90  
 Total/month: \$ 2,116.00  
 Total federal/month ÷  
 total/month: 0.883507

---

## Disability Retirement Examples

### Example 6: Disability Occurs before Eligibility for Optional Retirement

A. In this example, an individual covered by the Police and Firefighters Plan hired before 1980 retires based on a disability in the line of duty in October 1997. At retirement, he is age 45 with 18 years, 5 months, and 11 days of departmental service. Since he had performed less than 20 years of service and had not reached the age of eligibility for an optional retirement, the Federal Benefit Payment does not begin at retirement. When the disability annuitant reaches age 55, he satisfies the age and service requirements for deferred retirement. At that time (August 20, 2007), the Federal Benefit Payment begins. It is based on the 18 years, 1 month, and 17 days of departmental service performed as of June 30, 1997, all at the 2.5 percent accrual rate.

#### Example 6A.--Police Disability in Line of Duty, Age 45 [Pre-80 hire]

---

#### Total Annuity Computation

---

Birth date: 08/20/52  
 Hire date: 05/14/79  
 Separation date: 10/24/97  
 Department service: 18/05/11  
 Other service:  
 Sick leave:  
 .025 service: 18.416667  
 .03 service:  
 Average salary: \$ 47,788.64  
 Final salary: \$ 50,938.00  
 Total: \$ 22,002.70  
 Total/month: \$ 1,834.00  
 2/3 of average pay: \$ 31,859.11  
 Monthly: \$ 2,655.00

---

#### Federal Benefit Payment Computation

---

Birth date: 08/20/52  
 Hire date: 05/14/79  
 Freeze date: 06/30/97  
 Department service: 18/01/17  
 Other service:  
 Sick leave:  
 .025 service: 18.083333  
 .03 service:  
 Average salary: \$ 47,788.64  
 Final salary: \$ 50,938.00  
 Total: \$ 21,604.43  
 Total/month: \$ 1,800.00; deferred  
 Total federal/month ÷  
 total/month: 0.0 (at time of retirement)

---

B. In this example, an individual covered by the Teachers Plan hired before 1996 retires based on a disability in December 1997. At retirement, she is age 49 with 27 years and 4 months of departmental service which includes 3 years, 3 months and 14 days of excess leave without pay (prior to June 30, 1997). Since she does not qualify for optional retirement at separation, the Federal Benefit Payment does not begin at separation. When the disability annuitant reaches age 62, she will satisfy the age and service requirements for deferred retirement. At that time (March 9, 2010), the Federal Benefit Payment begins. The time attributable to the excess leave without pay is subtracted from the service used to compute the Federal Benefit Payment. Since the excess leave without pay occurred before June 30, 1997, the deferred Federal Benefit Payment is based on the 23 years and 6 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 13 and 6 months of service at the 2 percent accrual rate.

### Example 6B--Teachers Disability Age 49 [Pre-96 hire]

---

#### Total Annuity Computation

---

Birth date: 03/09/48  
 Hire date: 09/01/70  
 Separation date: 12/31/97  
 Department service: 27/04/00  
 Other service:  
 Excess LWOP: 03/03/14  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 14  
 Average salary: \$ 53,121.00  
 Total: \$ 23,506.04  
 Total/month: \$ 1,959.00

---

#### Federal Benefit Payment Computation

---

Birth date: 03/09/48  
 Hire date: 09/01/70  
 Freeze date: 06/30/97  
 Department service: 26/10/00  
 Other service:  
 Excess LWOP: 03/03/14  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 13.5  
 Average salary: \$ 53,121.00  
 Total: \$ 22,974.83  
 Total/month: \$ 1,915.00; deferred  
 Total federal/month ÷  
 total/month: 0.0 (at time of retirement)

---

### **Example 7: Disability Occurs after Eligibility for Optional Retirement**

A. In this example, an individual covered by the Police and Firefighters Plan hired before 1980 retires based on a disability in the line of duty in October 1997. At retirement, she is age 55 with 24 years, 5 months, and 11 days of departmental service. Since she was also eligible for optional retirement at the time of separation, the Federal Benefit Payment commences at retirement. It is based on the 24 years, 1 month, and 17 days of departmental service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 20 years of service at the 2.5 percent accrual rate and 4 years and 1 month of service at the 3 percent accrual rate. The total annuity is based on the disability formula and is equal to two-thirds of average pay because that amount is higher than the 63.25 percent payable based on total service.

#### **Example 7A.--Police Disability in Line of Duty Age 55 [Pre-80 hire]**

---

#### **Total Annuity Computation**

---

Birth date: 10/01/42  
 Hire date: 05/14/73  
 Separation date: 10/24/97  
 Department service: 24/05/11  
 Other service:  
 Sick leave:  
 .025 service: 20  
 .03 service: 4.416667  
 Average salary: \$ 47,788.64  
 Final salary: \$ 50,938.00  
 Total: \$ 30,226.31  
 Total/month: \$ 2,519.00  
 2/3 of average pay: \$ 31,859.11  
 Monthly: \$ 2,655.00

---

#### **Federal Benefit Payment Computation**

---

Birth date: 10/01/42  
 Hire date: 05/14/73  
 Freeze date: 06/30/97  
 Department service: 24/01/17  
 Other service:  
 Sick leave:  
 .025 service: 20  
 .03 service: 4.083333  
 Average salary: \$ 47,788.64  
 Final salary: \$ 50,938.00  
 Total: \$ 29,748.43  
 Total/month: \$ 2,479.00  
 Total federal/month ÷  
 total/month: 0.984121

---

B. In this example, an individual covered by the Teachers Plan hired before 1996 retires based on a disability in December 1997. At retirement, he is age 60 with 27 years and 4 months of departmental service which includes 3 years, 3 months and 14 days of excess leave without pay (prior to June 30, 1997). Since he qualifies for optional retirement at separation, the Federal Benefit Payment begins at retirement. Since the excess leave without pay occurred before June 30, 1997, and the total annuity is based on actual service (that is, exceeds the guaranteed disability minimum), the time attributable to the excess leave without pay is subtracted from the service used to compute the Federal Benefit Payment and total benefit. The Federal Benefit Payment is based on 23 years and 6 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 13 years and 6 months of service at the 2 percent accrual rate. The total annuity payable is based on 24 years of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 14 years of service at the 2 percent accrual rate.

**Example 7B.--Teachers Disability**  
**Age 60**  
**[Pre-96 hire]**

---

**Total Annuity Computation**

---

Birth date: 03/09/37  
 Hire date: 09/01/70  
 Separation date: 12/31/97  
 Department service: 27/04/00  
 Other service:  
 Excess LWOP: 03/03/14  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 14  
 Average salary: \$ 53,121.00  
 Total: \$ 23,506.04  
 Total/month: \$ 1,959.00

---

### Federal Benefit Payment Computation

---

Birth date: 03/09/37  
 Hire date: 09/01/70  
 Freeze date: 06/30/97  
 Department service: 26/10/00  
 Other service:  
 Excess LWOP: 03/03/14  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 13.5  
 Average salary: \$ 53,121.00  
 Total: \$ 22,974.83  
 Total/month: \$ 1,915.00  
 Total federal/month ÷  
 total/month: 0.977540

---

### Deferred Retirement Examples

#### Example 8: All Service before June 30, 1997

In this example, an individual covered by the Police and Firefighters Plan hired before 1980 separated in March 1986 with title to a deferred annuity. In November 1997, he reaches age 55 and becomes eligible for the deferred annuity based on his 15 years, 9 months, and 8 days of departmental service, all at the 2.5 percent accrual rate. The total annuity is based on the same 15 years, 9 months, and 8 days of service all at the 2.5 percent accrual rate. Since all the service is creditable as of June 30, 1997, the Federal Benefit Payment equals the total annuity.

#### Example 8.--Police Deferred [Pre-80 hire]

---

#### Total Annuity Computation

---

Birth date: 11/20/42  
 Hire date: 06/01/70  
 Separation date: 03/08/86  
 Department service: 15/09/08  
 Other service:  
 Sick leave:  
 .025 service: 15.75  
 .03 service: 0  
 Average salary: \$ 30,427.14  
 Final salary: \$ 45,415.00  
 Total: \$ 11,980.69; deferred  
 Total/month: \$ 998.00; deferred

---

### Federal Benefit Payment Computation

---

Birth date: 11/20/42

Hire date: 06/01/70  
 Freeze date: 03/08/86  
 Department service: 15/09/08  
 Other service:  
 Sick leave:  
 .025 service: 15.75  
 .03 service: 0  
 Average salary: \$ 30,427.14  
 Final salary: \$ 45,415.00  
 Total: \$ 11,980.69; deferred  
 Total/month: \$ 998.00; deferred  
 Total federal/month ÷  
 total/month: 1.0; deferred

---

#### **Example 9: Service Straddles June 30, 1997**

In this example, an individual covered by the Police and Firefighters Plan hired before 1980 separated in December 1997 with title to a deferred annuity. In November 2007, he will reach age 55 and becomes eligible to receive a deferred annuity. At that time, the Federal Benefit Payment begins. It is based on the 18 years and 1 month of departmental service performed as of June 30, 1997, all at the 2.5 percent accrual rate. The total annuity begins at the same time, based on his 18 years, 6 months, and 8 days of departmental service, all at the 2.5 percent accrual rate.

#### **Example 9.--Police Deferred [Pre-80 hire]**

---

##### **Total Annuity Computation**

---

Birth date: 11/20/52  
 Hire date: 06/01/79  
 Separation date: 12/08/97  
 Department service: 18/06/08  
 Other service:  
 Sick leave:  
 .025 service: 18.5  
 .03 service: 0  
 Average salary: \$ 30,427.14  
 Final salary: \$ 45,415.00  
 Total: \$ 14,072.55; deferred  
 Total/month: \$ 1,173.00; deferred

---

##### **Federal Benefit Payment Computation**

---

Birth date: 11/20/52  
 Hire date: 06/01/79  
 Freeze date: 06/30/97  
 Department service: 18/01/00  
 Other service:  
 Sick leave:

.025 service: 18.083333  
 .03 service: 0  
 Average salary: \$ 30,427.14  
 Final salary: \$ 45,415.00  
 Total: \$ 13,755.60; deferred  
 Total/month: \$ 1,146.00; deferred  
 Total federal/month ÷  
 total/month: 0.976982; deferred

---

## **Reduction to Provide a Survivor Annuity Examples**

### **Example 10: Survivor Reduction Calculations**

Both of the following examples involve a former teacher who elected a reduced annuity to provide a survivor benefit:

A. In this example, the employee elects to provide full survivor benefits of 55% of the employee's unreduced annuity. The total annuity is reduced by 2½ percent of the first \$3600 and 10 percent of the balance. The reduced Federal Benefit Payment is determined by multiplying the reduced total annuity (rounded) by the ratio of the unreduced Federal Benefit Payment to the unreduced total annuity. Military service occurred prior to June 30, 1997 and purchase of other service was completed prior to June 30, 1997.

#### **Example 10A. – Teachers Optional W/Survivor Reduction [Pre-96 Hire]**

---

##### **Total Annuity Computation**

---

Birth date: 11/01/42  
 Hire date: 11/01/68  
 Separation date: 12/31/97  
 Department service: 29/02/00  
 Other service: 03/09/18  
 Military: 00/09/11  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 23.666667  
 Average salary: \$66,785.00  
 Total unreduced: \$42,464.13  
 Total unreduced/month: \$3,539.00  
 Reduction: \$3,976.41  
 Total: \$38,487.72  
 Total/month: \$3,207.00

---

##### **Federal Benefit Payment Computation**

---

Birth date: 11/01/42  
 Hire date: 11/01/68

Freeze date: 06/30/97  
 Department service: 28/08/00  
 Other service: 03/09/18  
 Military: 00/09/11  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 23.166667  
 Average salary: \$66,785.00  
 Total federal unreduced: \$41,796.28  
 Total federal unreduced/month: \$3,483.00  
 Total federal unreduced/month ÷  
     total unreduced/month: 0.984176  
 Total federal/month: \$3,156.00

B. In this example, the employee elects to provide a partial survivor annuity of 26% of the employee's unreduced annuity. The total annuity is reduced by 2½ percent of the first \$3,600 of \$20,073.95 and 10 percent of the balance. The reduced Federal Benefit Payment is determined by multiplying the reduced total annuity (rounded) by the ratio of the unreduced Federal Benefit Payment to the unreduced total annuity.

### Example 10B.—Teachers Optional W/Survivor Reduction [Pre-96 hire]

---

#### Total Annuity Computation

---

Birth date: 11/01/42  
 Hire date: 11/01/68  
 Separation date: 12/31/97  
 Department service: 29/02/00  
 Other service: 03/09/18  
 Military: 00/09/11  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 23.666667  
 Average salary: \$66,785.00  
 Total unreduced: \$42,464.13  
 Total unreduced/month: \$3,539.00  
 Reduction: \$1,737.40  
 Total reduced: \$40,726.73  
 Total reduced/month: \$3,394.00

---

#### Federal Benefit Payment Computation

---

Birth date: 11/01/42  
 Hire Date: 11/01/68  
 Freeze date: 06/30/97  
 Department service: 28/08/00  
 Other service: 03/09/18  
 Military: 00/09/11



.015 service: 5  
 .0175 service: 5  
 .02 service: 23.166667  
 Average salary: \$66,785.00  
 Total federal unreduced: \$41,796.28  
 Total federal unreduced/month: \$3,483.00  
 Total federal unreduced/month ÷  
   total unreduced/month: 0.984176  
 Total federal reduced/month: \$3,340.00

---

## **Early Optional or Involuntary Retirement Examples**

### **Example 11: Early Optional with Age Reduction**

In this example, an individual covered by the Teachers Plan hired before 1996 retires voluntarily in February 1998, under a special program that allows early retirement with at least 20 years of service at age 50 older, or at least 25 years of service at any age. At retirement, she is 6 full months short of age 55. She has 25 years and 5 months of departmental service; 6 years, 2 months, and 19 days of other service (creditable before June 30, 1997); and 2 months and 9 days of unused sick leave. Since she is not eligible for optional retirement and she is eligible to retire voluntarily only because of the District-approved special program, the Federal Benefit Payment is calculated similar to a disability retirement. It does not begin until she becomes eligible for a deferred annuity at age 62. When it commences the Federal Benefit Payment will be based on the service creditable as of June 30, 1997: 30 years and 11 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 20 years and 11 months of service at the 2 percent accrual rate. The total annuity is based on 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 21 years and 9 months of service at the 2 percent accrual rate (including the unused sick leave). Because the Federal Benefit Payment is based on the deferred annuity, rather than the early voluntary retirement, it is not reduced by the age reduction factor used to compute the total benefit.

---

### **Example 11.--Teachers Early Out W/Age Reduction [Pre-96 hire]**

---

#### **Total Annuity Computation**

---

Birth date: 09/20/43  
 Hire date: 10/01/72  
 Separation date: 02/28/98  
 Department service: 25/05/00  
 Other service: 06/02/19  
 Sick leave: 00/02/09  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 21.75  
 Average salary: \$ 69,281.14  
 Total unreduced: \$ 41,395.48

Age reduction factor: 0.990000  
 Total reduced: \$ 40,981.53  
 Total/month: \$ 3,415.00

---

**Federal Benefit Payment Computation**

---

Birth date: 09/20/43  
 Hire date: 10/01/72  
 Freeze date: 06/30/97  
 Department service: 24/09/00  
 Other service: 06/02/19  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 20.916667  
 Average salary: \$ 69,281.14  
 Total unreduced: \$ 40,240.80; deferred  
 Reduction factor: 1.000000 no reduction  
 Total reduced: \$ 40,240.80; deferred  
 Total/month: \$ 3,353.00 deferred  
 Total federal unreduced/month ÷  
 Total unreduced/month: 0.0 (at time of retirement)

---

**Example 12: Involuntary with Age Reduction**

In this example, an individual covered by the Teachers Plan hired before 1996 retires involuntarily in February 1998. At retirement, she is 6 full months short of age 55. She has 25 years and 5 months of departmental service; 6 years, 2 months, and 19 days of other service (creditable before June 30, 1997); and 2 months and 9 days of unused sick leave. The Federal Benefit Payment begins at retirement. It is based on the 30 years and 11 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 20 years and 11 months of service at the 2 percent accrual rate. The total annuity is based on 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 21 years and 9 months of service at the 2 percent accrual rate (including the unused sick leave). Both the Federal Benefit Payment and the total benefit are reduced by the age reduction factor.

Example 12.--Teachers  
 Involuntary W/Age Reduction  
 [Pre-96 hire]

---

**Total Annuity Computation**

---

Birth date: 09/20/43  
 Hire date: 10/01/72  
 Separation date: 02/28/98  
 Department service: 25/05/00  
 Other service: 06/02/19  
 Sick leave: 00/02/09  
 .015 service: 5

.0175 service: 5  
 .02 service: 21.75  
 Average salary: \$ 69,281.14  
 Total unreduced: \$ 41,395.48  
 Age reduction factor: 0.990000  
 Total reduced: \$ 40,981.53  
 Total/month: \$ 3,415.00

---

#### **Federal Benefit Payment Computation**

---

Birth date: 09/20/43  
 Hire date: 10/01/72  
 Freeze date: 06/30/97  
 Department service: 24/09/00  
 Other service: 06/02/19  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 20.916667  
 Average salary: \$ 69,281.14  
 Total unreduced: \$ 40,240.80  
 Age reduction factor: 0.990000  
 Total reduced: \$ 39,838.39  
 Total/month: \$ 3,320.00  
 Total federal/month ÷  
 total/month: 0.972182

---

#### **Death Benefits Example**

##### **Example 13: Death Benefits Calculation**

Examples A and B involve service-based death benefits calculations. Examples C – F involve non-service-based death benefits calculations. Examples G and H involve disability death benefit calculations.

A. In this example, an individual covered by the Teachers Plan retires in December 1997 and elects to provide a full survivor annuity. He dies in June 1998. The survivor's Federal Benefit Payment is 98.4 percent ( $\$3,483 \div \$3,539$ ) of the total survivor benefit.

#### **Example 13A.--Teachers Death Benefits [Pre-96 hire]**

---

#### **Total Annuity Computation**

---

Birth date: 11/01/42  
 Hire date: 11/01/68  
 Separation date: 12/31/97  
 Death date: 06/24/98  
 Department service: 29/02/00  
 Other service: 03/09/18

Military: 00/09/11  
 Average salary: \$ 66,785.00  
 Total unreduced/month (retiree): \$3,539.00  
 Total/month (survivor): \$1,946.00

---

**Federal Benefit Payment Computation**

---

Birth date: 11/01/42  
 Hire date: 11/01/68  
 Freeze date: 06/30/97  
 Death date: 06/24/98  
 Department service: 28/08/00  
 Other service: 03/09/18  
 Military: 00/09/11  
 Average salary: \$66,785.00  
 Total federal unreduced/month (retiree): \$3,483.00  
 Total federal unreduced/month (retiree) ÷  
 total unreduced/month (retiree): 0.984176  
 Total federal/month (survivor): \$1,915.00

---

B. In this example, a teacher dies in service on June 30, 1998 after 31 years of departmental service. Since the survivor annuity is based on actual service, the Federal Benefit Payment is 96.5 percent ( $\$1,818 \div \$1,883$ ) of the total survivor benefit.

**Example 13B.--Teachers Death Benefits**  
**[Pre-96 hire]**

---

**Total Annuity Computation**

---

Birth date: 07/01/39  
 Hire date: 07/01/67  
 Separation date: 06/30/98  
 Death date: 06/30/98  
 Department service: 31/00/00  
 Average salary: \$38,787.88  
 Total (retiree): \$22,593.94  
 Total/month (retiree): \$1,883.00  
 Total/month (survivor): \$1,036.00

---

**Federal Benefit Payment Computation**

---

Birth date: 07/01/39  
 Hire date: 07/01/67  
 Freeze date: 06/30/97  
 Death date: 06/30/98  
 Department service: 30/00/00  
 Average salary: \$38,787.88  
 Total federal (retiree): \$21,818.18

Total federal/month (retiree): \$1,818.00  
 Total federal/month (retiree) ÷  
 total/month (retiree): 0.965481  
 Total federal/month (survivor): \$1,000.00

---

C. In this example, as in Example A, an individual covered by the Teachers Plan retires in December 1997 but elects to provide a survivor annuity of \$12,000. He dies in June 1998. Because the amount of the survivor annuity is not service-based, the Federal Benefit Payment is a prorated portion of the total benefit. Since the teacher had 398 months of service as of the freeze date and 404 months of service, at retirement, the Federal Benefit Payment equals 398/404ths of the total benefit.

### Example 13C.--Teachers Death Benefits [pre-96 hire]

---

#### Total Annuity Computation

---

Birth date: 11/01/42  
 Hire date: 11/01/68  
 Separation date: 12/31/97  
 Death date: 06/24/98  
 Department service: 29/02/00  
 Other service: 03/09/18  
 Military: 00/09/11  
 Months of service: 404  
 Total: \$12,000.00  
 Total/month: \$1,000.00

---

#### Federal Benefit Payment Computation

---

Birth date: 11/01/42  
 Hire date: 11/01/68  
 Freeze date: 06/30/97  
 Death date: 06/24/98  
 Department service: 28/08/00  
 Other service: 03/09/18  
 Military: 00/09/11  
 Months of service: 398  
 Federal service ÷ total service: 0.985149  
 Total: \$11,820.00  
 Total/month: \$985.00

---

D. In this example, a teacher dies in service on April 1, 1998 after 14 years and 6 months of departmental service. Because the survivor annuity is based on the guaranteed minimum, the Federal Benefit Payment is a prorated portion of the total benefit. Since the teacher had 165 months of service as of the freeze date and 180 months of service, including unused sick leave, at death, the Federal Benefit Payment equals 165/180ths of the total benefit.

### Example 13D.--Teachers Death Benefits [pre-96 hire]

---

#### Total Annuity Computation

---

Birth date: 04/01/61  
 Hire date: 10/01/83  
 Separation date: 04/01/98  
 Death date: 04/01/98  
 Department service: 14/06/01  
 Unused Sick Leave: 00/06/00  
 Average salary: \$36,000.00  
 Months of service: 180  
 Total: \$7,920.00  
 Total/month: \$660.00

---

#### Federal Benefit Payment Computation

---

Birth date: 04/01/61  
 Hire date: 04/01/83  
 Freeze date: 06/30/97  
 Death date: 04/01/98  
 Department Service: 13/09/00  
 Average salary: \$36,000.00  
 Months of service: 165  
 Federal service ÷ total service: 0.916667  
 Total: \$7,260.00  
 Total/month: \$605.00

---

E. In this example, as in the prior example, a teacher dies in service on April 1, 1998 after 15 years of departmental service. However, in this example, the teacher was age 40 on the hire date. The amount of service used in the survivor annuity calculation equals the amount of service that the teacher would have had if the teacher continued covered employment until age 60. Because the survivor annuity is based on projected service, a form of the guaranteed minimum, the Federal Benefit Payment is a prorated portion of the total benefit. Since the teacher had 171 months of service as of the freeze date and 180 months of service at death, the Federal Benefit Payment equals 171/180ths of the total benefit.

### Example 13E.--Teachers Death Benefits [Pre-96 hire]

---

#### Total Annuity Computation

---

Birth date: 04/01/43  
 Hire date: 04/01/83  
 Separation date: 04/01/98  
 Death date: 04/01/98  
 Department service: 15/00/01

Departmental Service projected to age 60: 20/00/01  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 10  
 Average salary: \$36,000.00  
 Months of service: 180  
 Total: \$7,177.50  
 Total/month: \$598.00

---

**Federal Benefit Payment Computation**

---

Birth date: 04/01/43  
 Hire date: 04/01/83  
 Freeze date: 06/30/97  
 Death date: 04/01/98  
 Department service: 14/03/00  
 Average salary: \$36,000.00  
 Months of service: 171  
 Federal service ÷ total service: 0.950000  
 Total: \$6,818.63  
 Total/month: \$568.00

---

F. In this example, a police officer dies in the line of duty on July 31, 2001 after 18 years of departmental service. The survivor annuity is equal to 100 percent of the officer's pay at the time of death, as provided by District legislation effective October 1, 2000. However, the Federal Benefit Payment is calculated based on plan provisions in effect on June 29, 1997, which provided for a survivor annuity equal to 40 percent of the officer's pay at the time of death. Because the Federal Benefit Payment is not service-based and the officer had 167 months of service as of the freeze date and 216 months of service, including unused sick leave, at death, the Federal Benefit Payment equals 167/216ths of the total benefit calculated according to plan provisions in effect on July 1, 1997. The difference between the total benefit paid and the Federal Benefit Payment calculated according to plan provisions in effect on June 29, 1997 is the responsibility of the District government.

**Example 13F.--Police Death Benefits**  
**[Pre-96 hire]**

---

**Total Annuity Computation**

---

Birth date: 07/13/62  
 Hire date: 08/01/83  
 Death date: 07/31/2001  
 Department service: 18/00/00  
 Average salary: \$54,000.00  
 Final salary: \$56,000.00  
 Months of service: 216  
 Total: \$56,004.00  
 Total/month: \$4,667.00  
 Total based on July 1, 1997 provisions: \$21,600.00  
 Total/month based on July 1, 1997 provisions: \$1,800.00

---

**Federal Benefit Payment Computation**


---

Birth date: 07/13/62  
 Hire date: 08/01/83  
 Freeze date: 06/30/97  
 Death date: 07/31/2001  
 Department service: 13/11/00  
 Months of service: 167  
 Federal service ÷ total service: 0.773148  
 Total: \$16,704.00  
 Total/month: \$1,392.00

---

G. In this example, a firefighter dies on July 1, 1999 at age 47 after retiring based on a disability in the line of duty in November 1997. At separation, the firefighter was not eligible for optional retirement but was eligible to receive a deferred retirement annuity at age 55. Therefore, the survivor's Federal Benefit Payment is calculated based on the plan rules for deferred retirees. Under the Police and Firefighters Plan, if a separated police officer or firefighter eligible for deferred retirement dies before reaching age 55, the survivor is eligible to receive an annuity. The survivor annuity is based on the firefighter's adjusted average pay. Therefore, the survivor's Federal Benefit Payment is a prorated portion of the survivor annuity. Since the firefighter had 217 months of service as of the freeze date and 222 months of service at retirement, the survivor's Federal Benefit Payment equals 217/222nds of the total survivor benefit.

### Example 13G.—Firefighters Disability/Early Voluntary Death Benefits

---

**Total Annuity Computation**


---

Birth date: 08/20/52  
 Hire date: 05/14/79  
 Separation date: 11/28/97  
 Death date: 07/01/99  
 Department service: 18/06/15  
 Adjusted average salary: \$ 45,987.00  
 Months of service: 222  
 Total: \$18,396.00  
 Total/month: \$1,533.00

---

**Federal Benefit Payment Computation**


---

Birth date: 08/20/52  
 Hire date: 05/14/79  
 Freeze date: 06/30/97  
 Death date: 07/01/99  
 Department service: 18/01/17  
 Adjusted average salary: \$ 45,987.00  
 Months of service: 217



Federal service ÷ total service: .977477  
 Total: \$17,976.00  
 Total/month: \$1,498.00

---

H. In this example, a teacher dies on August 3, 1999 at age 58 after retiring based on a disability in April 1998. At separation, the teacher was not eligible for optional retirement but was eligible to receive a deferred retirement annuity at age 62. Therefore, the survivor's Federal Benefit Payment is calculated based on the plan rules for deferred retirees. Under the Teachers Plan, if a separated teacher eligible for deferred retirement dies before reaching age 62, the survivor is not eligible to receive an annuity. Therefore, the survivor's Federal Benefit Payment is zero and the survivor annuity is the full responsibility of the District.

### Example 13H.--Teachers Disability/Early Voluntary Death Benefits

---

#### Total Annuity Computation

---

Birth date: 08/01/41  
 Hire date: 07/01/76  
 Separation date: 04/30/98  
 Death date: 08/03/99  
 Total: \$21,888.00  
 Total/month: \$1,824.00

---

#### Federal Benefit Payment Computation

---

Birth date: 08/01/41  
 Hire date: 07/01/76  
 Separation date: 04/30/98  
 Death date: 08/03/99  
 Total: \$0.00  
 Total/month: \$0.00  
 Total federal/month ÷  
 total/month: 0.0

---

### Cost of Living Adjustment (COLA) Examples

#### Example 14: Application of Cost of Living Adjustments

In cases in which the District plan applies the same cost of living adjustment that is provided for the Federal Benefit Payment, the federal percentage is applied to the new total benefit after the adjustment to determine the new Federal Benefit Payment after the adjustment.

A. In this example, a teacher retiree receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. The federal percentage for the retiree is applied to the new total benefit after the adjustment to determine the new Federal Benefit Payment after the adjustment.

### Example 14A.—Teachers COLA – Retiree W/Survivor Reduction

## [Pre-96 hire]

---

**Benefit Computation (at retirement)**

---

Total unreduced: \$42,464.13  
 Total unreduced/month: \$3,539.00  
 Total/month: \$3,207.00  
 Federal unreduced: \$41,796.28  
 Federal unreduced/month: \$3,483.00  
 Federal percentage = federal unreduced/month ÷ total unreduced/month: 0.984176

---

**COLA Computation**

---

District and Federal COLA rate 5%:  
 Total COLA: \$160.00  
 New total/month: \$3,367.00  
 New federal benefit/month = new total benefit/month  
 x federal percentage = \$3,314.00

B. In this example, a survivor of a deceased teacher retiree receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. Since the survivor benefit is service related, the federal percentage for the retiree is applied to the new total benefit of the survivor after the adjustment to determine the new Federal Benefit Payment after the adjustment.

Example 14B.—Teachers COLA – Survivor of Retiree  
[Pre-96 hire]

---

**Benefit Computation (at death of retiree whose annuity was based on service – percentage survivor election)**

---

Total/month: \$2,043.00  
 Federal percentage (retiree): 0.984176  
 Federal/month: \$2,011.00

---

**COLA Computation**

---

District and Federal COLA rate 4.5%:  
 Total COLA: \$92.00  
 New total/month: \$2,135.00  
 New federal benefit/month = new total benefit/month  
 x federal percentage = \$2,101.00

C. In this example, a survivor of a deceased teacher retiree receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. Since the

survivor annuity is non-service related, the federal percentage for the survivor is applied to the new total benefit of the survivor after the adjustment to determine the new Federal Benefit Payment after the adjustment.

**Example 14C.—Teachers COLA – Survivor of Retiree**  
**[Pre-96 hire]**

---

**Benefit Computation (at death of retiree – flat amount survivor election)**

---

Total months of service: 404  
 Federal months of service: 398  
 Total/month: \$1,000.00  
 Federal percentage = federal service ÷ total service: 0.985149  
 Federal/month: \$985.00

---

**COLA Computation**

---

District and Federal COLA rate 4.5%:  
 Total COLA: \$45.00  
 New total/month: \$1,045.00  
 New federal benefit/month = new total benefit/month  
 x federal percentage = \$1,029.00

---

Note: This method also applies to a percentage survivor election by a retiree whose annuity was based on a guaranteed minimum.

---

D. In this example, a survivor of a deceased teacher receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. Since the survivor annuity is service related, the federal percentage based on the deceased teacher's service is applied to the new total benefit of the survivor after the adjustment to determine the new Federal Benefit Payment after the adjustment.

**Example 14D.—Teachers COLA - Survivor of Employee**  
**[Pre-96 hire]**

---

**Benefit Computation (at death-based on service)**

---

Total/month: \$1,036.00  
 Federal/month: \$1,000.00  
 Federal percentage = federal/month  
 ÷ total/month: 0.965251

---

**COLA Computation**

---

District and Federal COLA rate 5%:  
 Total COLA: \$52.00  
 New total benefit/month: \$1,088.00  
 New federal benefit/month = new total benefit/month  
 x federal percentage = \$1,050.00

---

E. In this example, a survivor of a deceased teacher receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. Since the survivor annuity is non-service related, the federal percentage for the survivor is applied to the new total benefit of the survivor after the adjustment to determine the new Federal Benefit Payment after the adjustment.

### Example 14E.—Teachers COLA - Survivor of Employee [Pre-96 hire]

---

#### Benefit Computation (at death-guaranteed minimum)

---

Total months of service: 180  
 Federal months of service: 171  
 Total/month: \$598.00  
 Federal percentage = federal service ÷ total service: 0.950000  
 Federal/month: \$568.00

---

#### COLA Computation

---

District and Federal COLA rate 5%:  
 Total COLA: \$30.00  
 New total/month: \$628.00  
 New federal benefit/month: = new total benefit/month  
 x federal percentage = \$597.00

---

F. In this example, a survivor of a deceased retired police officer receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. Since the survivor annuity is non-service related, the federal percentage for the survivor is applied to the new total benefit of the survivor after the adjustment to determine the new Federal Benefit Payment after the adjustment.

### Example 14F.—Police COLA – Survivor of Retiree

---

#### Benefit Computation (at death of retiree)

---

Total months of service: 240  
 Federal months of service: 236  
 Total/month: \$1,614.00  
 Federal percentage = federal service ÷ total service: 0.983333  
 Federal/month: \$1,587.00

---

#### COLA Computation

---

District and Federal COLA rate 5%:  
 Total COLA: \$81.00

New total/month: \$1,695.00  
 New federal benefit/month = new total benefit/month  
 x federal percentage = \$1,667.00

G. In this example, a survivor of a deceased firefighter receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. Since the survivor annuity is non-service related, the federal percentage for the survivor is applied to the new total benefit of the survivor after the adjustment to determine the new Federal Benefit Payment after the adjustment.

#### Example 14G.—Firefighter COLA – Survivor of Employee

##### Benefit Computation (at death of employee in the line of duty)

Total/month: \$4,667.00  
 Federal/month: \$1,867.00  
 Federal percentage = federal/month  
 ÷ Total/month: 0.400043

##### COLA Computation

District and Federal COLA rate 4.5%:  
 Total COLA: \$210.00  
 New total benefit/month: \$4,877.00  
 New federal benefit/month = New total benefit/month  
 x federal percentage = \$1,951.00

H. In this example, a new District plan provision applies a different cost of living adjustment than is provided for the Federal Benefit Payment. In Variation 1, the federal cost of living adjustment is applied to the Federal Benefit Payment and the District cost of living adjustment is applied to the total benefit. In Variation 2, the federal cost of living adjustment is applied to the Federal Benefit Payment and the District cost of living adjustment is applied to the District benefit payment. A new federal percentage equal to the ratio of the Federal Benefit Payment to the total benefit is established after the adjustments.

#### Example 14H.--Teachers COLA [Pre-96 hire]

##### Benefit Computation (at retirement)

##### Total Annuity Computation

Birth date: 11/04/48  
 Hire date: 03/01/86  
 Separation date: 02/28/2013  
 Department service: 27/00/00  
 Other service paid in 1995: 06/07/28  
 Excess LWOP in 1990: 00/03/18  
 .015 service: 5

.0175 service: 5  
 .02 service: 23.333333  
 Average salary: \$53,121.00  
 Total: \$33,421.96  
 Total/month: \$2,785.00

---

**Benefit Computation (at retirement)**

---

**Federal Benefit Payment Computation**

---

Birth date: 11/04/48  
 Hire date: 03/01/86  
 Freeze date: 06/30/1997  
 Department service: 11/04/00  
 Other service paid in 1995: 06/07/28  
 Excess LWOP in 1990: 00/03/18  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 7.666667  
 Average salary: \$53,121.00  
 Total: \$16,777.38  
 Total/month: \$1,398.00  
 Federal percentage: 0.501975

---

**COLA Computation Variations**  
**Variation 1**

---

District COLA rate 5% applied to total benefit:  
 Total COLA: \$139.00  
 New total benefit/month: \$2,924.00  
 Federal COLA rate 4%  
 Federal COLA: \$56.00  
 New federal benefit/month: \$1,454.00  
 New federal percentage: 0.497264

---

**Variation 2**

---

District COLA rate 5% applied to District benefit:  
 Old District benefit/month: \$1,387.00  
 District COLA: \$69.00  
 New District benefit/month: \$1,456.00  
 Federal COLA rate 4%:  
 Federal COLA: \$56.00  
 New federal benefit/month: \$1,454.00

New total benefit/month: \$2,910.00  
 New federal percentage: 0.499656

---

### **Retroactive Payment of Accrued Annuity Example**

#### **Example 15: Accrual of Federal Benefit Payment**

The Federal Benefit Payment begins to accrue on the annuity commencing date, regardless of whether the employee is added to the annuity roll in time for the regular payment cycle. If the employee is due a retroactive payment of accrued annuity, the portion of the retroactive payment that would have been a Federal Benefit Payment (if it were made in the regular payment cycle) is still a Federal Benefit Payment. In this example, a teacher retired effective September 11, 1998. She was added to the retirement rolls on the pay date November 1, 1998 (October 1 to October 31 accrual cycle). Her Federal Benefit Payment is \$3000 per month and her total benefit payment is \$3120 per month. Her initial check is \$5200 because it includes a prorated payment for 20 days (September 11 to September 30). The Federal Benefit Payment is \$5000 of the initial check (\$3000 for the October cycle and \$2000 for the September cycle).

---

#### **Example 15.--Teachers Accrued Benefit [Pre-96 hire]**

---

##### **Total Annuity Computation**

---

Birth date: 11/01/42  
 Hire date: 09/01/66  
 Separation date: 09/10/98  
 Department service: 32/00/10  
 .015 service: 5  
 .0175 service: 5  
 .02 service: 22  
 Average salary: \$ 62,150.00  
 Total: \$ 37,445.38  
 Total/month: \$ 3,120.00  
 Sept 11-30: \$ 2,080.00  
 Oct 1-31: \$ 3,120.00  
 Nov 1-30: \$ 3,120.00

---

##### **Federal Benefit Payment Computation**

---

Birth date: 11/01/42  
Hire date: 09/01/66  
Freeze date: 06/30/97

Department service: 30/10/00  
.15 service: 5  
.0175 service: 5  
.02 service: 20.833333  
Average salary: \$ 62,150.00  
Total: \$ 35,995.21  
Total/month: \$ 3,000.00  
Sept 11-30: \$ 2,000.00  
Oct 1-31: \$ 3,000.00  
Nov 1-30: \$ 3,000.00

---

Dated: October 10, 2012

Nancy Ostrowski  
Director, Office of D.C. Pensions

[FR Doc. 2012-25562 Filed 10/18/2012 at 8:45 am; Publication Date: 10/19/2012]